

## **NOTE 6 – TAXES RECEIVABLE**

Taxes receivable represent amounts due to the State at September 30, for revenues earned in fiscal year 2004-2005, which will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as “current” and amounts expected to be collected beyond the next fiscal year are classified as “noncurrent.” The receivables have been recorded net of allowances for uncollectibles.

Sales, use, single business, and income taxes are accrued to the extent that the related sales, wage, or activity being taxed occurred prior to October 1. Property taxes are accrued if the levy date occurred prior to October 1.

In the government-wide financial statements, a corresponding amount is recorded as revenue using the accrual basis of accounting. In the governmental fund financial statements, revenue

is recorded using the modified accrual basis of accounting for amounts due to the State at September 30 (as stated above) that are considered “available” (e.g. received by the State within approximately 60 days after that date). Delinquent taxes are recognized to the extent that they are collected within 12 months. The remainder is recorded as deferred revenue.

Local units of government, as agents for the State, assess the State education tax, a state-wide property tax. The State education tax is levied on July 1 and is due and payable at the same time as local unit taxes levied on July 1. The State accrues state education tax revenue received by the State or the local units, on its behalf, during October and November. The accrued telephone and telegraph taxes are due December 1 and were received at approximately that time.

**Michigan**  
**Notes to the Financial Statements**

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Taxes receivable as of September 30, consisted of the following  
(in millions):

<u>Tax</u>	General Fund	Special Revenue Funds	Total
Sales & use	\$ 333.4	\$ 661.7	\$ 995.1
Individual income	1,654.2	203.2	1,857.5
Single business	1,559.8	-	1,559.8
State education (property)	-	1,371.6	1,371.6
Telephone & telegraph	49.0	-	49.0
Motor fuel	-	229.1	229.1
Insurance - retaliatory	70.8	-	70.8
Estate & inheritance	4.3	-	4.3
Tobacco products	101.6	68.1	169.7
Quality assurance assessment	70.7	-	70.7
Other	35.7	50.5	86.1
Penalties and interest	1,146.3	-	1,146.3
Gross taxes receivable	5,025.7	2,584.2	7,609.9
Less allowance for uncollectibles	2,053.3	458.0	2,511.3
Total taxes receivable (net)	<u>\$ 2,972.4</u>	<u>\$ 2,126.1</u>	<u>\$ 5,098.6</u>
<u>As reported on the financial statements</u>			
Current taxes receivable	\$ 2,737.9	\$ 2,077.0	\$ 4,814.9
Noncurrent taxes receivable	234.5	49.1	283.7
Total taxes receivable (net)	<u>\$ 2,972.4</u>	<u>\$ 2,126.1</u>	<u>\$ 5,098.6</u>

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